

Performance Management

Background

Performance management can be defined as an enterprise-wide management program that provides a structured approach for deploying an organization's strategy in a consistent and continuous manner **to become results based**. It affects every facet of the organization of the organization from personnel systems to information technology to planning and budgeting.

It gives an organization the capability to effectively communicate strategy, ensure that business processes are aligned to support deployment of that strategy, and manage to performance results.

NRC's Planning, Budgeting, and Performance System (PBPM) is designed to support the definition outlined above. The key in execution is moving to results based, outcome driven management.

Beliefs about NRC's performance management

- NRC and NRR will improve what it focuses on. This assumes focus on a critical few.
- The purpose of performance reporting is to facilitate continuous improvement by ensuring the right people are getting the right information at the right time to make good decisions and adjustments continuously.
- Performance Reporting must be timely to facilitate effective decision making and adjustments when changes to plans are required.
- Management oversight is hard work. Learning to remove barriers to success and coach when performance is out of standard is not natural for most managers. Learning to do this is a cultural challenge.
- NRR will organize and pay attention to what it measures.
- The work at NRR can be managed by standard processes, rather than as a series of problems.
- It is possible to accomplish all of the goals at the same time.
- NRR leadership is responsible for ensuring that processes are optimized, meaning made more consistent and predictable.

- One of the means is to minimize the interruptions to normal work processes.
- NRR can leverage its improvements by
 - Establishing the focus areas
 - Developing standards for improvement in each area
 - Measuring the critical levers to improvement
 - Reducing the number of things they are trying to improve at the same time
- There are different levels of work within NRR but the organizational values must be the same at all levels of work
- Management must see performance reporting as a tool to facilitate managing for process improvement - not for punishing the out of standard conditions

Beliefs about Performance Measures

- Organizations manage what they measure. As a result, the measures need to be understood at to their intent as much as their calculations.
- The purpose of measuring performance cannot be to provide management at any level a rationale for punitive action.
- Performance measures should never be developed or maintained to justify the work.
- There are different types of performance measures and there needs to be a balanced scorecard
 - Outcomes - Measure success and are linked to the goals
 - Outputs - Measure the number and type of products delivered
 - Process – Can measure the turn around time, efficiency, quality, or productivity of various processes
 - Quality - Measures the value or “goodness” of the output
 - Timeliness - Measure turn around and cycle times
 - Cost - Measures the amount of dollars it takes to get work done or value of outputs
 - Productivity - Measure touch time; Outputs per unit of input
 - Inputs - Measure the flow of incoming work; I.e. licensing actions
 - Control - Measure whether key assumptions are accurate; I.E. FTE’s on specific work
- The performance measures developed in the NRR planning should be the only ones tracked, and they should be tracked centrally
- NRR can shed much of the information currently tracked if they shed anything not included in the performance metrics

Discussion: **Proposed Performance Reporting and Management Oversight**

Building from the performance metrics developed in the planning, the Evaluate Block for each level should be used as a framework to report various levels of work throughout NRR and the agency. To ensure that effective oversight takes place and the management oversight role is distinctive at various levels throughout the agency, reporting levels are required.

Strategic Level – The primary purpose is to report on Strategic Plan Reactor Safety Measures required by GPRA. This is required annually but should be included in NRR's annual report also. The audience is the external work, GAO, OMB etc. but should include everyone inside the agency.

Executive Level – The primary purpose is to report on Success Criteria for all four NRR goal areas to monitor progress against reactor outcomes for NRR. This section should ultimately replace the performance plan measures in the performance plan. This reporting should be more frequent than the strategic level, probably quarterly. Again everyone throughout NRR should see this section of the report. Ultimately, these measures should be the focus of the EDO and the Commission, quarterly for the EDO and semi-annually for the Commission.

Management Level – The primary purpose is to report on the developed measures that are included in the evaluate block of the operating planning model. The frequency of this report should probably be monthly but the audience should be limited to NRR at that frequency. This should also be included in the quarterly report to the EDO level. The Commission should not be concerned with this level of reporting because it would cause them to get into more of the detailed management of the organization.

Operating Level – Report on the developed measures that are included in the evaluate block of the operating planning model. The frequency of this reporting should be based on whether anything needs to be monitored more often than monthly. This is a decision of the people who are accountable for assessing performance. Reporting of these measures should be only to the operating personnel and the leadership level, not the Executive Team.

The following table is intended to summarize the recommended reporting and audience.

Report Level	Frequency of Reporting	Distribution Audience	Who is excluded?
Strategic	Semi-Annual Yearly	External and below	
Executive Level NRR	Quarterly Semi Annual	EC and below Commission	
Management Level	Monthly Quarterly	NRR excluding ET NRR ET, EC, DEDO	Commission
Operating Level	Monthly Frequency?	NRR Leadership NRR Operating level	NRR ET and above

Integrating reporting and oversight

The critical skill required here is to limit involvement to the right level of work through the discipline in reporting and oversight. This requires a major change in the reporting and tracking various people want to see and understand. The shift is in understanding the managing system top to bottom and trusting the managers below you to take accountability for monitoring the performance to ensure the results are on track at their level of responsibility. The process can work but various levels of managers, including the commission must let go of the detail. One of the critical organizational values that must exist is for all levels of the organization to take ownership of letting the next higher level in the managing chain know when performance is out of standard to the degree that an outcome at any level is threatened. Each level of management must begin to own that when they get bad news about potential variances from planned outcomes, they must ask how they can help to get things back on track.

Performance Report Example

An example of how performance reporting could look for specific metrics is shown below. This example would probably fall into the executive level or managing level report defined above. This idea of showing the trend of performance is critical to understand degrees of improvement over time as well as defining goals that are more than an annual target. This is intended to represent one line item of a four or five page report.

Initiative #	FTE	Measure		FY XX				FY XX			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
L09	25	30% decrease in time to do licensing amendment by end of FY XX	Target	5%	5%	5%	10%	5%			
			Actual	4%	7%						

A final proposed version of reporting will be developed at the completion of the NRR planning work.

Considerations for performance reporting and oversight

- Establish responsibility for identifying and maintaining systems needed to collect and publish performance data
 - The best practice is to have single source data input, so that once data is input into any system, it is never re-entered for performance reporting purposes.
 - There are very inexpensive COTS performance reporting systems that you may want to consider
- The change in behavior in management oversight needs to be discussed, understood, and agreed upon at all levels of NRC and NRR to ensure the managing process is being supported consistently. Roles and accountabilities for oversight need to be clarified and agreed upon throughout NRC.
 - It may be helpful to educate the DEDO, EC and Commissioners on the final integrated NRR operating plan. The final integrated picture, with accountabilities, roles within NRR, and oversight frequency may help in facilitating the overall shift in management oversight.

